Joint Committee on Taxation
May 5, 1983
JCX-9-83

Public Debt Limit

Present Law

The Second Liberty Bond Act contains a statutory limit on the amount of debt that the Federal Government may issue. The current limit on the issue of Federal debt is $1,290.2 billion. The limitation consists of a permanent component of $400 billion and a temporary component of $890.2 billion. The temporary component is in effect through September 30, 1983.

The debt limit applies to debt issued to finance federal budget activities, investment of federal trust fund reserves in Treasury special debt issues, and debt issued by or for federal agency credit programs (both off-budget and on-budget).

Current Debt Situation

At the close of business on May 3, 1983, the outstanding federal debt subject to limit was $1,262.5 billion. The operating cash balance was $21.0 billion, which is only $1.0 billion above the constant level operating cash balance assumed for purposes of meeting daily financial needs.

Treasury announced on April 27, 1983, that it will raise an additional $9.8 billion on May 15, as part of its quarterly financing plans. Treasury also is required to transfer about $23 billion of noncontributory military wage credits to the social security trust funds on May 20. May also is a month characterized by relatively small inflows of budget receipts.

Net borrowing needs in the July-September quarter have been estimated at $55 to $60 billion.

Administration Request

The Administration is expected to request that the debt limit be increased by $99 billion, to $1,389.2 billion, through the remainder of fiscal year 1983.

This amount has been recommended as the appropriate level for the debt limit through September 30, 1983, in H. Con. Res. 91, the House-passed budget resoluton. S. Con. Res. 27, which currently is under debate in the Senate, contains a recommendation for a limit of $1,383.9 billion.

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In the April 12 revision of budget estimates, the Administration indicated that a debt limit of $1,388.2 billion would meet its debt financing requirements through fiscal year 1983. This estimate assumes that a constant $20 billion operating cash balance would be maintained, and there is no additional allowance for contingencies.